IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

ICONTROL NETWORKS, INC., a Delaware corporation, **Plaintiff,** **v.** **ZONOFF INC., a Delaware corporation,** **Defendant.**	**CIVIL ACTION** **NO. 1:15-CV-1109-GMS**

REPLY MEMORANDUM IN SUPPORT OF ZONOFF INC.'S MOTION TO DISMISS AND FOR A MORE DEFINITE STATEMENT

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I. INTRODUCTION

Plaintiff Icontrol Networks, Inc. ("Icontrol") has predicated its opposition to Zonoff's Motion to Dismiss on abrogated rules and case law based thereon. Icontrol also represents that Zonoff's motion in this case "is nearly identical to the one it filed in the 1199 Action." D.I. 10 at 2. That statement is inaccurate and misleading. The motions in the 1199 Action did not address willful infringement because Icontrol did not even allege willful infringement of the six patents-in-suit in that case. The motion to dismiss the original complaint in the 1199 Action did include a request for a more definite complaint to require Icontrol to plead which claims Zonoff was accused of directly infringing. That request was mooted however, when Icontrol filed a First Amended Complaint that did identify claims of each of the patents that were infringed, and this Court was therefore not called upon to address this issue.

Further, Zonoff's motion to dismiss in the 1199 Action sought to dismiss the claim for all damages, but the motion in this case is limited to pre-suit damages, noting that the dismissal of the claims for pre-suit damages at this stage will substantially narrow discovery.

Finally, whereas in the 1199 Action Zonoff urged that since Icontrol had failed to correct the pleading deficiencies in its First Amended Complaint, and had not moved for leave to file a Second Amended Complaint, it should not be granted leave to do so. Here, Icontrol has not yet filed a First Amended Complaint, and Zonoff is specifically asking the Court to **require** Icontrol to do so. If Icontrol can, consistent with Rule 11, file a complaint asserting claims for willful infringement and pre-suit damages, it should be required to do so before costly discovery begins.

II. ARGUMENT

A. Icontrol Should Be Required To Identify In An Amended Complaint The Claims That It Contends Are Indirectly Infringed

Prior to December 1, 2015, Fed. R. Civ. P. 84 provided that "[t]he forms in the Appendix suffice under the rules and illustrate the simplicity and brevity that these rules contemplate." Form 18 (formerly Form 16) was a form complaint for patent infringement, and did not provide for identifying the asserted claim(s). Following the Supreme Court decisions in *Bell Atl. Corp v. Twombly*, 550 U.S. 544 (2007) and *Ashcroft v. Iqbal*, 556 U.S. 662 (2009), the lower courts had differing views as to whether a complaint that mirrored Form 18 would any longer suffice. The Federal Circuit resolved that debate for patent cases, finding that for direct infringement, Rule 84 and Form 18 controlled. *See McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354, 1356-57 (Fed. Cir. 2007); *In re Bill of Lading Transmission and Processing Sys. Patent Litig.*, 681 F.3d 1323, 1334 (Fed. Cir. 2012); *K-Tech Telecommunications, Inc. v. Time Warner Cable, Inc.,* 714 F. 3d 1277, 1283 (Fed Cir. 2013) ([T]o the extent any conflict exists between *Twombly* (and its progeny) and the Forms regarding pleading requirements, the Forms control.").

The Federal Circuit believed that it was constrained to reach this conclusion, noting that "[a]ny criticism we may have regarding the sufficiency of the forms themselves is strictly proscribed by Supreme Court precedent . . . . Any changes to the Federal Rules of Civil Procedure 'must be obtained by the process of amending the Federal Rules, and not by judicial interpretation.' " *K-Tech*, 714 F.3d at 1283.

As early as *McZeal*, Judge Dyke observed in his concurring-in-part and dissenting-in-part opinion that although the Court was required by Rule 84 to find that an allegation of literal direct infringement in accordance with Rule 18 (then Rule 16) would be sufficient to state a claim, "[o]ne can only hope that the rule-making process will eventually ***result in eliminating the form,***

or at least in revising it to require allegations specifying which claims are infringed." *McZeal*, 501 F.3d at 1360 (emphasis added). Similarly, in recognizing the statement from *McZeal* that in view of Form 18, "a plaintiff need not even identify which claims it asserts are being infringed," *In re Bill of Lading*, 681 F.3d at 1335, the Federal Circuit held that "[w]hile there may be criticism of the text of Form 18, it is not within our power to rewrite it; only an act of Congress can revise the Federal Rules." *Id.* at 1335, n. 7.

All of the cases and procedures upon which Icontrol relies to avoid having to identify the claims it contends are indirectly infringed by Zonoff came ***before*** Congress abrogated both Rule 84 and Form 18, effective December 1, 2015. As Judge Dyke has made clear, the minimum that has resulted from the abrogation of Rule 84 and Form 18 is that a plaintiff must allege in its complaint the identity of the claims that it asserts are infringed by the defendant. *McZeal*, 501 F.3d at 1360. Indeed, given that (1) it is a "bedrock principle" of patent law that it is the claims of a patent that define the invention to which the patentee is entitled the right to exclude, *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2013), and (2) a complaint for patent infringement must provide a statement of each claim sufficient "to give the defendant fair notice of what the . . . claim is and the grounds upon which it rests" *Fifth Marker Inc. v. CME Grp., Inc.*, No. 08-520-GMS, 2009 WL 5966836, at *1 (D. Del. May 14, 2009) (quoting *Twombly* and dismissing the complaint with leave to file an amended complaint), it is difficult to understand how a plaintiff can any longer argue in good faith that it is not required to identify the claims it asserts are infringed both directly and indirectly.

Aside from ignoring the changes to the Federal Rules and relying on cases that pre-date those changes, Icontrol miscites *McZeal* for the proposition that "a requirement [for a plaintiff to identify at the pleading stage which patent claims it is asserting] is impractical because, at the time of the filing of the Complaint, a plaintiff ordinarily has access only to public information and knowledge." D.I. 10 at 16. A plaintiff's access to only public information and knowledge was identified by the *McZeal* Court as a reason for excusing a plaintiff from having to plead "the specifics of how [the defendant's] purported infringing device works" - something that is well within the knowledge of an accused infringer - *not* excusing a plaintiff from identifying the claims being asserted. *McZeal*, 501 F. 3d at 1338. Indeed, "[i]n the context of patent infringement actions, [the Federal Circuit has] interpreted Rule 11 to require, at a minimum, that an attorney interpret ***the asserted claims*** and compare the accused device with ***those claims*** before filing a claim alleging infringement." *Q-Pharma, Inc. v. Andrew Jergens Co.*, 360 F. 3d 1295, 1300-1301 (Fed. Cir. 2004) (citations omitted) (emphasis added). By no means is it impractical for a plaintiff to identify in its complaint the asserted claims.

Icontrol should be required to file a First Amended Complaint that identifies the claims it contends are directly and indirectly infringed by Zonoff.

B. Icontrol Has Not Adequately Pleaded Willful Infringement

While acknowledging that it must plead facts plausibly showing that Zonoff had knowledge of each of the patent-in-issue that Zonoff had allegedly willfully infringed, D.I. 10 at 7, Icontrol suggests that "knowledge" is somehow different than "actual knowledge." *See* D.I. 10 at 11. Knowledge means actual knowledge, and Icontrol has not cited any cases to the contrary, and has ignored altogether the holding in *MONEC Holding AG v. Motorola Mobility, Inc.*, 897 F. Supp. 2d 229, 236 (D. Del. 2012) that the pleading of facts showing "Defendants' actual knowledge" of the patent is required.

Icontrol argues that its allegation in paragraph 25 of the Complaint adequately states a claim for willful infringement and is "sufficient to survive a motion to dismiss." D.I. 10 at 12. Paragraph 25 of the Complaint reads as follows:

> Zonoff has known about the Asserted Patents and/or their respective claims before the filing of this lawsuit. Despite having full knowledge of these claims, Zonoff continues its infringing conduct to this day.

D.I. 1, ¶ 25. This is precisely the type of "labels and conclusions, and a formulaic recitation of the elements of a cause of action" that the Supreme Court has held to be inadequate. *See Twombly*, 550 U.S. at 555. "Threadbare recitals of the elements of or cause of action, supported by mere conclusory statements, do not suffice." *Iqbal*, 556 U.S. at 678. Paragraph 25 of the Complaint does not adequately state a claim for willful infringement and is not sufficient to survive a motion to dismiss.

Icontrol argues that *Sentry Protection Products, Inc. v. Eagle Mfg. Co.*, 400 F. 3d 910, 918 (Fed. Cir. 2005) held that "the single allegation that the defendants' infringements have been willful and with full knowledge of the asserted patents" is sufficient to state a claim for willful infringement. D.I. 10 at 7 & 11. That argument lacks merit. Indeed, the sufficiency of the allegation of willful infringement was neither raised nor decided in *Sentry Protection Products*.

In *MONEC*, a District of Delaware case cited by Zonoff and ignored by Icontrol, the Court held that to sufficiently plead willful infringement "the complaint must adequately allege 'factual circumstances in which the patents-in-suit [are] ***called to the attention***' of the defendants." 897 F. Supp. 2d at 236 (emphasis added). Icontrol has not alleged any factual circumstances in which the three patents here in suit were called to the attention of Icontrol, notwithstanding the fact that for over a year the parties had been engaged in litigation involving Icontrol's allegations that the same Zonoff products infringed six other Icontrol patents.

Icontrol's claim of willful infringement should be dismissed without prejudice. Although Zonoff believes that Icontrol cannot, consistent with Rule 11, allege facts showing that any of the three patents-in-suit were called to Zonoff's attention prior to suit,[1] Zonoff is not presently asking the Court to preclude Icontrol from attempting to do so in an amended complaint. Should Icontrol attempt to do so, Zonoff again points out that to adequately plead "on information and belief," the amended complaint will have to "set [] forth the specific facts upon which the belief is reasonably based". *Brinkmeier v. Graco Children's Products, Inc.*, 767 F. Supp. 2d 488, 496 (D. Del. 2011).[2]

C. **Even Before The Abrogation Of Form 18, A Plaintiff Alleging Patent Infringement Was Obliged To Plead Compliance With 35 U.S.C. § 287**

In another attempt to make its position in this case appear more appealing, Icontrol misrepresents Zonoff's position, inaccurately stating that "Zonoff argues, in direct contradiction to the statutory requirement that a patentee be awarded damages upon a finding of infringement, that Icontrol's ***entire claim*** for damages be dismissed" D.I. 10 at 12 (emphasis added); *see also* D. I. 10 at 14, n. 5. In this case, Zonoff's clearly stated argument is that only "Icontrol's Claims For Pre-suit Damages Should Be Dismissed." *See* D.I. 9 at 15.

Icontrol's contention that "[n]one of Zonoff's cited authorities support its arguments," D.I. 10 at 13-14, n. 5, is not well-grounded. Both the Federal Circuit in *Maxwell v. Baker*, 86 F. 3d 1098, 1111 (Fd. Cir. 1996) and the Supreme Court in *Dunlap v. Schofield*, 150 U.S. 244, 248

[1] In contrast to a claim of indirect infringement which can be based solely on post-complaint knowledge, *see Walker Digital, LLC v. Facebook, Inc.*, 852 F. Supp. 2d 559, 565 (D. Del. 2012), a claim of willful infringement cannot. *See In re Seagate Tech., LLC*, 497 F.3d 1360, 1374 (Fed. Cir. 2007).

[2] Although the *Brinkmeier* decision arose in the context of a fraud claim, the requirement to plead the specific facts upon which a pleaded belief is based comes from the requirements of *Iqbal*, not Fed R. Civ P. 9(b) which requires a party to state with particularity the circumstances constituting fraud or mistake.

(1894), unequivocally impose on a patentee the obligation to both plead/allege and prove compliance with the marking statute. That those statements were made in the context of the review of damage awards on appeal from a final judgment is of no moment whatsoever. Likewise, the fact that, in the context of proof of compliance with the marking statute at the trial or summary judgment stages, some courts impose an initial burden on the defendant, *see* D.I. 10 at 13, n. 4, in no way alters or relieves the obligation of a patentee to plead compliance with the marking statute when challenged at the motion to dismiss stage.[3]

Icontrol attempts to distinguish *Jackson v. Intel Corp.*, No. 09 C 2178, 2009 WL 2851742 (N.D. Ill. Aug. 31, 2009) on the ground that the Court there converted the defendant's Rule 12(b)(6) motion into a summary judgment motion. D.I. 10 at 13-14, n. 5. Icontrol misappreciates ***all of*** what happened in *Jackson*. The *Jackson* Court first held, based on the motion to dismiss and the fact that "*Jackson* did not plead compliance with the marking statute in his complaint," "that *Jackson's* complaint should, at the least, be dismissed without prejudice." *Jackson*, 2009 WL 2851742 at *2 - *3. It was only to address the request that the complaint be dismissed ***with prejudice*** that the Court then treated the motion as one for summary judgment pursuant to Rule 12(d). *Id.* at *3. Zonoff only seeks dismissal of Icontrol's pre-suit damages claims ***without prejudice***. Zonoff does not believe that Icontrol will be able to plead compliance with 35 U.S.C. § 287 consistent with Rule 11, but Zonoff is not now seeking to preclude Icontrol from having the opportunity to do so.

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[3] Icontrol's reliance on *Sentry Protection Products*, D.I. 10 at 12-13, is misplaced. In *Sentry Protection Products*, the defendant had never even filed a motion to dismiss for the failure to plead compliance with 35 U.S.C. § 287, and the Court merely held that at the summary judgment stage, when the patentee had "produced evidence of such marking during the period of [the defendant's] alleged infringement," summary judgment was not properly granted. 400 F.3d at 918.

Finally, Icontrol ignores the fact that even before its abrogation, Form 18 required a patentee to plead compliance with 35 U.S.C. § 287. This is made clear not only in Form 18 itself, but in Federal Circuit and District Court cases cited by Icontrol. *See, e.g., Mark IV Industries Corp. v. Transcore, L.P.*, No. 09-418-GMS, 2009 WL 4828661 at *3 (D. Del. Dec. 2, 2009) ("Form 18 requires only the following elements . . . 4) a statement that the plaintiff has given the defendant notice of its infringement . . . ." citing *McZeal*, 501 F.3d at 1357).

Icontrol's claim for pre-suit damages should be dismissed without prejudice for failure to plead facts showing compliance with 35 U.S.C. § 287.

III. CONCLUSION

For all the foregoing reasons, together with those set forth in its opening brief, Zonoff respectfully submits that its motion to dismiss and for a more definite statement of the Complaint should be granted.

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